

NEWSLINE

Savings Plus Program

4rd Quarter 2004

Understand Your Investments—Lifestyle Funds

This is the seventh in our series of articles on the basic investment categories—Cash/Stable Value, Bonds, Stocks—and another category Savings Plus offers called “Lifestyle” funds. In this issue we focus on Lifestyle funds (also known as Asset Allocation funds.)

As you’ve heard before, your investment choices should be diversified to reflect how much risk you’re comfortable taking and the length of time your funds will be invested. You may have even completed a worksheet to identify your “asset allocation” strategy and the mix of funds you should invest in to implement that strategy.

For some investors, the next step—choosing a mix of investments that matches their needs—is relatively easy. But for many investors, it’s confusing, intimidating, or just too time consuming to sort out all the choices. That’s where a lifestyle fund can help.

Lifestyle funds, also known as asset allocation funds, do all the work of



mixing investments in a variety of mutual funds and across asset classes so you won’t have to. You just need to identify your investment profile—whether it’s aggressive, conservative, or somewhere in between. Then you choose the lifestyle fund designed for that profile. That lifestyle fund should be the only investment choice in your portfolio.

Is a lifestyle fund right for me? To decide if a lifestyle fund is a good choice for you, consider how much time and effort you want to spend selecting your investments.

If you’re a “hands on” investor, you would likely select several funds, in each of the six asset classes identified in the Investment Guide, to diversify your investments. If you’re a “hands

off” investor who wants a single fund to achieve diversification, a lifestyle fund may be right for you.

Savings Plus offers five lifestyle funds in the Gartmore Investor Destination Series. To select the Gartmore fund that’s best for you, you should first fill out the Ibbotson Questionnaire, found in the Savings Plus Investment Guide. The questionnaire will show you which of the five “investor profiles” fits you. Then select the lifestyle fund that goes with that profile. That should be your only SPP investment selection.

In the next NewsLine, we’ll report on the Personal Choice Retirement Account® (PCRA) offered through Charles Schwab.

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Know Your Investing Strategy

As reported in last quarter's edition of *NewsLine*, SPP's investment lineup will undergo some changes in 2005. The new lineup is designed to give you more options to diversify your assets among the various investment categories, as well as provide top performers in those categories with the lowest possible fees.

To get the most out of the new lineup, it's important for you to review your investing strategy, also known as your "asset allocation." Do you currently allocate assets based on your timeline to retirement and risk tolerance? Do you know what kind of investor you are: aggressive, conservative, or somewhere in between? Your investment choices should reflect your answers to these questions.

For help with asset allocation and other investment basics, refer to the *Savings Plus Investment Guide* and our

online resources. The guide is available on our Web site under Plan Info & Forms/Forms and Publications. The Investment Education section of the Web site includes a tool to help you map out an investing strategy.

Once you're clear on your strategy, the new lineup coming in August 2005 will be more meaningful for you (see page 3.) The lineup will offer one choice in each of the Morningstar "style boxes" and investment categories. "Style boxes" refer to a classification system developed by Morningstar that separates stock funds into nine groups based on the size of companies in the stock fund and the fund's investment style.

SPP will go through a selection process for five of

the categories. This process will help us choose investments with historical rates of return that are above the benchmark for their category, whose fees are low compared to the mutual fund industry average, and that accurately represent the asset class for which the funds are selected.

Watch for more information on these changes in upcoming *NewsLines*.



Thank You!

We want to thank you for your patience these past couple months as we fielded a higher-than-normal volume of calls and emails, mostly related to the upcoming changes in 2005 that we reported on in last quarter's *NewsLine*. SPP staff continues to place a high priority on customer service and keeping you well informed as we prepare for these changes.

We also heard from a number of you who receive distributions asking about your 1099-R form. We'll mail these forms by the end of January. If you haven't received it by early February, please call us at that time.

Investment Fund Update

FUND INVESTIGATIONS

No items to report.

FUND MANAGER CHANGE

No items to report.

WATCH LIST

CRITERIA

Janus Balanced Fund	3
Janus International Growth Fund	3
Janus Twenty Fund	3
Hartford Advisers HLS Fund	1
Hartford Stock HLS Fund	1
MFS Capital Opportunities	1
Vanguard US Growth Fund	1

WATCH LIST CRITERIA:

- 1 Did not meet the established performance standards (benchmark/peer universe) over preceding 3/5-year period
- 2 Investment manager changed or such change appears imminent; this change may have detrimental effect on fund
- 3 Significant change in ownership or control of the fund provider
- 4 Material change occurred in investment focus/strategy, capitalization, or investment style
- 5 Substantial portfolio turnover within the fund
- 6 Violation of a Security and Exchange Commission rule or regulation
- 7 Fund experienced difficulty transacting trades, fund transfers, or pricing
- 8 Fund experienced problems in procedures or operations, which may detract from Savings Plus objectives
- 9 Violation of contract terms

Upcoming Changes in SPP

*Where you see RFP listed in the right column, it means we'll seek new fund choices to represent that category, or select a bidder from our current lineup who already represents that category.

Style Box Category	Current Fund	Fund Choices as of August 2005
Fixed Income	Savings Pool	Savings Pool
	American General/VALIC Hartford Money Market Dwight Asset Management	Dwight Asset Management
Bond	Vanguard GNMA Hartford Mortgage Securities HLS Hartford Bond HLS Vanguard Total Bond Market Index (Inst.)	Vanguard Total Bond Market Index (Inst.)
Balanced	Hartford Advisors HLS Janus Balanced	Gartmore Investor Destinations Series - Moderate
Asset Allocation	Gartmore Investor Destination Series	Gartmore Investor Destination Series
Socially Responsible	Domini Social Equity	RFP 2005*
Large-Cap (Value)	Federated Stock Trust American Century Income & Growth	RFP 2005*
Large-Cap (Blend)	Hartford Index HLS CalPERS S&P 500 Index	CalPERS S&P 500 Index
	Hartford Stock HLS MFS Capital Opportunities Hartford Capital Appreciation	RFP 2005* Actively Managed Fund
Large-Cap (Growth)	American Funds Growth Fund of America Janus Twenty MFS Mass Investors Growth Stock Vanguard US Growth	American Funds Growth Fund of America
Mid-Cap (Value)	T. Rowe Price Mid-Cap Value	T. Rowe Price Mid-Cap Value
Mid-Cap (Blend)	Accessor Small to Mid-Cap	RFP 2005*
Mid-Cap (Growth)	Franklin Small to Mid-Cap Growth T. Rowe Price Mid-Cap Growth	T. Rowe Price Mid-Cap Growth
Small-Cap (Value)	Franklin Balanced Sheet Investment	RFP 2005*
Small-Cap (Blend)	JP Morgan Investment Management - Undiscovered Managers Behavioral Value Fund (Inst.)	JP Morgan Investment Management - Undiscovered Managers Behavioral Value Fund (Inst.)
Small-Cap (Growth)	Hartford Small Company HLS	Hartford Small Company HLS
International	Janus Advisors International Glenmede Ins. International/PIA	Glenmede Ins. International/PIA

VALIC Fund Closes

On Jan. 21, 2005, the fixed annuity offered by VALIC was closed to new investments. Money can no longer be deposited into the VALIC fund from any source.

If you were making paycheck deferrals to the VALIC fund and did not choose a different allocation, we automatically changed your allocation to the Dwight Asset Management Stable Value Fund, effective Jan. 21, 2005. If you want your funds allocated to a different investment choice, you must change your allocation by accessing your account online or via the automated voice response system.

As reported in the last *NewsLine*, we closed the VALIC fixed-annuity option as a precaution on behalf of our participants. Under VALIC's

contract with SPP, when the contract expires, VALIC has the right to adjust the market value of your assets to reflect changes in the marketplace.

This adjustment could mean either an increase or a reduction in the value of your VALIC investment. With interest rates rising, we estimate participants would see a devaluation of their assets when the market value adjustment is determined in August 2005. At that time, all assets remaining in the VALIC Fund will be automatically transferred to the Dwight Asset Management Stable Value Fund.

If you're one of the affected participants, expect to receive further information from us at your home address. We'll also provide an update in the next *NewsLine*.

Check Your Beneficiaries



Is your beneficiary information current? Your beneficiaries are printed on your statement after the section "Activity for the Period."

If you've never made a designation, or if you've had a change in family status due to birth, death, or divorce, you

may need to update your beneficiary information with Savings Plus. All you have to do is to submit a Beneficiary Designation Form. Simply print a form from our Web site or order it by phone, fill it out, and mail it in.

To find the form online, go to www.sppforu.com, click on Plan Info & Forms, then Forms and Publications. Select either the 401(k) form or the 457 form. If you have both plans, you must complete a form for each plan.

To request a form by phone, call (866) 566-4777, press 4, then 5. Enter 8006 for the 401(k) form or 8012 for the 457 form.

Schwab Lowers PCRA® Prices

On Nov. 1, 2004, Schwab changed commission charges for three categories of PCRA participants: active traders, options traders, and participants who trade equities via "Schwab By Phone" and/or "Schwab Telebroker."

The new rates reduce commission fees, in most cases, by an average of 33 percent. Be sure to check the specific rate structure before you invest. You can find information on the new rates or get answers to other PCRA questions by going to the Charles Schwab Web site at www.schwab.com or by calling a Schwab PCRA representative at 1-888-393-PCRA (7272).



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